

STATEMENT OF D. MARK CATLETT
PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR MANAGEMENT
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE GOVERNMENT REFORM COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

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Thank you Mr. Chairman and Members of Committee for asking me to testify today regarding new legislation for federal agencies to enter into public-private partnership arrangements and federal real property management.

VA's enhanced-use lease authority authorizes the Department to lease its property or facilities for up to 75 years. VA has 12 years of experience with this program, which is an integral part of our asset management program. In return for allowing VA property to be used for VA or non-VA mission compatible uses, VA can require "rent" in the form of a reduction in the cost or free use of facilities or services for VA programs, monetary payments, or other "in-kind" consideration, which in the opinion of the Secretary "enhances" a particular VA activity's mission. Since its inception, VA has studied over 100 enhanced-use lease initiatives, awarded 27 projects, and is actively developing 29 new initiatives. This program allows VA to maximize return from "underutilized" properties, while protecting flexibility to retain/reuse or to dispose, as dictated by future needs. It utilizes private resources instead of appropriations and creates a "win - win" situation for VA and the local communities by encouraging economic development of otherwise underutilized lands. VA has been able to acquire office buildings, transitional housing, energy facilities, garages, lodging facilities, research and medical facilities, hospice care and adult and child care centers through this program.

As stated earlier, the enhanced-use lease program is just one aspect of VA's overall asset management program. VA has been developing a capital asset portfolio that consists of 6 assets classes including owned and leased real estate, land, information technology, equipment and agreements. Business processes and decision frameworks covering long-term management of VA's assets are being developed for each asset class. VA is also striving to move beyond asset management to portfolio management, which involves leveraging an investment or combination of investments in order to minimize risk and maximize cost effectiveness and performance of assets. VA has 7 approved portfolio goals and is working to define the metrics for these goals.